United States
...ent of Agriculture

...ricultural Service

February 1984

Foreign Agriculture

Growing World Markets For Wood Products

Marketing News

MEF Sends Trade Mission To Middle East

The **U.S. Meat Export Federation (MEF)** recently sponsored its first trade mission and extensive meat science program to the Middle East. The three-member team conducted educational seminars in Saudi Arabia, the United Arab Emirates and Bahrain and made trade calls on importers, wholesalers, retailers and government officials.

Seminars addressed U.S. livestock production, slaughter and fabrication techniques, as well as federal grading, inspection and quality control. The programs also featured a meat-cutting demonstration and luncheons featuring U.S. beef.

Since Middle Eastern buyers are particularly concerned with shelf life and product expiration dates, discussions focused on how the United States enhances products through slaughter and processing and how the Middle East buyer can further extend product life through proper handling, packaging and storage.

Seminars Focus on Nigerian Poultry Feed Market

The **American Soybean Association (ASA)** recently sponsored three seminars in Nigeria in cooperation with the **Poultry Association of Nigeria** and the **U.S. Feed Grains Council**. Nigeria is expanding its poultry industry to meet food needs of its population. However, with fledgling producers entering the industry, use of soybean meal in feeds is growing slowly.

The seminars, by U.S. and Nigerian poultry experts, covered poultry management, nutrition and soybean meal use, and disease prevention. These experts also reviewed farm practices and answered questions. The technicians instructed more than 225 local poultry producers, visited 10 farms and sparked plans for cooperative soybean meal purchases and construction of a crushing facility. About 2.3 million bushels of soybeans are used annually in Nigeria. This figure could double in two years, says ASA, with continued education and more farmers entering the poultry industry.

NFPA Hosts Japanese Homebuilders

Roughly 15 homebuilders from major cities in Japan came to the United States in November to learn more about U.S. house construction methods. The team was sponsored by the Japan 2 × 4 Homebuilders Association and was led by the **Western Wood Products Association** representative in Japan. The **National Forest Products Association (NFPA)** arranged tours and presentations, as well as acted as host to the group in Washington, D.C.

The Japanese homebuilders visited several construction sites in the Washington, D.C. area, met with representatives of the NFPA and the National Association of Home Builders and with U.S. government officials. They also visited the Forest Products Research Laboratory in Madison, Wisc., and construction sites and facilities in Houston, New Orleans, Los Angeles and Seattle. The Japanese homebuilders had a special interest in new construction methods, durability of frame housing, prevention of rot and decay, termite control, sound insulation and remodeling.

MIATCO Plans Food Marketing Projects in Japan

The twelve member states of the **Mid-America International Agri-Trade Council (MIATCO)** are sponsoring a food marketing program in Japan in March. A Foodarray will be held in Naha, Japan, March 8 for food importers, distributors, retailers, caterers, food industry representatives and government officials involved in food import decisions. Food products from the twelve states will be sampled and company exhibitors will display their offerings. Also on the program is a meeting for Naha food business representatives and government authorities to discuss the import, marketing and distribution of foods in Japan with the Mid-America exporters.

MIATCO firms also will be participating in the HOTERES and FOODEX JAPAN '84 food trade show March 12–16 in Tokyo. On March 10, MIATCO will hold a "SPEAKOUT" where Tokyo area business people and representatives will discuss marketing with MIATCO companies. Interested firms should contact MIATCO, 300 W. Washington St., Suite 1001, Chicago, Ill. 60606. Tel. (312) 368-4448.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

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Barking Up the Right Tree

Freelance Photographers Guild

By Vernon L. Harness

With the global recession nearing an end, exports of U.S. solid wood products promise to climb dramatically.

Total U.S. exports of solid wood products could approach $7 billion by 1990. And that makes this a prime time for U.S. mills to investigate the possibilities of exporting.

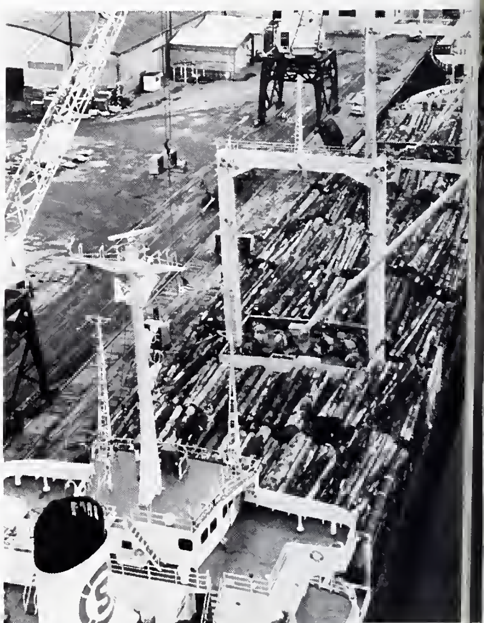
After peaking at $3.7 billion in 1980, annual foreign sales of U.S. solid wood products have hovered around the $3 billion range.

In 1984, exports are expected to be around $3.2 billion. Logs continue to account for most of the wood exported, but the greatest growth has been in lumber and plywood.

Some estimates show world lumber consumption, not counting North America, increasing 30 percent by the year 2000. Use of panel products may rise by 70 percent, with world trade rising even faster.

The United States' major competition in foreign markets is from Canada, Scandinavia and the USSR.

Both Canada and the USSR have larger acreage in timber, but productivity is lower than in the United States, and costs are rising more rapidly. Scandinavia is at its limit of sustained production.



Freelance Photographers Guild

So the United States is in a strong position to capture a good share of the new business.

Exporting could be a matter of survival for some firms, but it is a venture that may not be for everyone.

Developing strong export markets requires a long-term commitment. Foreign buyers need to be able to count on their suppliers, and not just during periods when U.S. domestic demand for wood products is slow.

To insure success, exporters must know their markets well. They also need to have a good handle on their own capabilities and limitations.

Branching Out

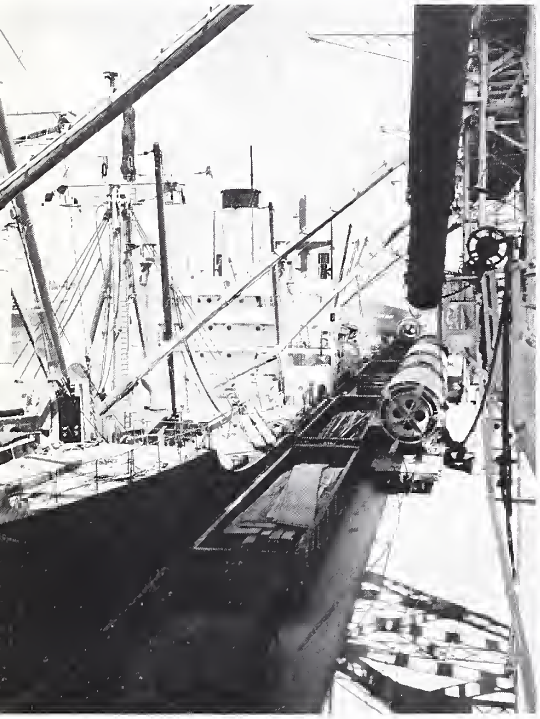
Which markets look like the best bets during the next several years?

Japan will continue as our largest market. Shipments reached $2 billion in 1980 and should exceed $3 billion in 1990. Currently, logs make up two-thirds of the total, but the percentage will decline. Softwood lumber shipments could triple, with attractive gains also for plywood, veneer, particleboard and hardwood products.

China—a nation of one billion people embarking on a major reindustrialization program—has huge potential. Shipments rose from near zero in 1979 to over $200 million in 1982 and could exceed $600 million by 1990. So far most exports have been logs, but sales of lumber are beginning.

Other potentially attractive markets in the same geographical area include Australia, Taiwan and Korea.

European imports are expected to reach $1.6 billion by 1990—compared with about $700 million in 1981. The best U.S. customers will continue to be West Germany, the United Kingdom and Italy.



The United States primarily ships high-grade products to these countries and has a 1 to 2 percent share of the market. As timber frame construction gains favor, the real potential is in construction lumber, plywood and panels. Hardwoods are also likely to benefit as U.S. oak and other temperate hardwoods gain greater acceptance.

Wood shipments to the Middle East have been small but growing in recent years. Increased demand for lumber, plywood, railroad ties and telephone poles could push 1990 exports to between $250 million and $300 million.

Exports to Latin America could more than double by 1990, reaching about $330 million annually. Construction lumber and plywood are in the best position to benefit because several Latin nations plan to increase the availability of housing.

Breaking the Logjam

Getting the most from these markets will require close coordination between industry and government to overcome a number of serious trade barriers and marketing problems.

Together, industry and the Foreign Agricultural Service have made some headway in convincing Japan to establish plywood standards more acceptable to the United States.

The Western Wood Products Association (WWPA) representative in Tokyo is actively working to increase imports of value-added wood products from the United States.

However, tariffs of 15 to 20 percent on plywood and veneer and duties on certain species of lumber remain formidable obstacles. We must convince the Japanese to reduce tariffs and encourage them to take more lumber and other manufactured wood products in their total purchases.

The European Community maintains a host of tariff and non-tariff barriers. Softwood plywood, for example, encounters high tariffs after filling an annual quota of 600,000 cubic meters on shipments into the EC. Other restrictions such as phyto-sanitary certificates on oak logs and limitations on bark on lumber often seem to be applied largely as a trade irritant.

Joint efforts have brought us near accord on procedures that will allow the continuation of shipments of oak lumber and logs to the EC.

In the future, the United States will be working to increase or eliminate the EC quota on plywood imports.

The American Plywood Association (APA) and the National Lumber Exporters Association have representatives stationed in Europe to help expand markets.

In fiscal 1984, a U.S. softwood lumber office will be opened in London by representatives from WWPA and the Southern Forest Products Association.

The tariff system in Latin America is best characterized as high, vague, often changing, and somewhat randomly enforced. Published rates range from near zero to 160 percent.

Frequently, requirements such as import licenses and certificates impede trade. The trade restrictions in Latin America continue even in the face of efforts by national governments to provide more housing for their people. And imports are essential to that effort.

APA and the Southern Forest Products Association have been making major efforts in Latin America.

Techniques used include educational and technical seminars and on-the-spot assistance on construction of demonstration units.

High tariffs continue, but Venezuela has allowed duty-free entry on certain panelized components. And some government credit has been used in the Caribbean.

Educating Potential Buyers

Increasing U.S. wood sales also will require solving a number of marketing problems.

Potential customers may need to be educated about U.S. species, their characteristics and their suitability for the intended end-use. U.S. grades and standards also may be unfamiliar.

In the United States, timber-frame construction is taken for granted, but that is not the case in other markets.

Five years ago, the United Kingdom built very few timber frame houses. Now builders use this construction in about 30 percent of the new houses. This may reach 70 to 80 percent in five years.

In some markets, like Latin America, wood is not a traditional construction material. So potential buyers need information about materials and methods.

Marketing problems vary with each importer. In one country, it may be credit; in another it may be exchange rate fluctuations. Sometimes, getting enough information to make a successful bid can be difficult. Domestic transportation must be worked out and foreign marketing techniques developed. The ability to supply specific sizes and grades is critical. Problems related to each transaction must be identified and solved.

Working Together

The solutions to marketing problems require joint efforts by industry and government.

The Foreign Agricultural Service works with the forest products industry to improve market access, gather and transmit market information, and develop new markets.

All of these functions come together under the foreign market development program. Every agricultural commodity exported in a significant amount is promoted by one of the 56 cooperator associations participating under this program.

The National Forest Products Association (NFPA) represents the wood products industry. NFPA serves as the industry coordinator. Industry member associations actually plan and conduct the activities overseas with financial and other assistance from FAS. Currently, 16 member associations are active in the program. ■

The author is director, Forest Products Division, FAS. Tel. (202) 382-8138.

Industry Works To Expand Exports

The following wood product associations are active in FAS' market development program:

National Forest Products Association
1619 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel. (202) 797-5817

Alaska Loggers Association
111 Stedman Street
Suite 200
Ketchikan, Alaska 99901
Tel. (907) 225-6114

American Plywood Association
7011 South 19th Street
P.O. Box 11700
Tacoma, Washington 98411
Tel. (206) 565-6600

American Wood Preservers Institute
405 Tysons International Building
1945 Gallows Road
Vienna, Virginia 22180
Tel. (703) 893-4005

Appalachian Hardwood Manufacturers, Inc.
P.O. Box 427
High Point, North Carolina 27261
Tel. (919) 885-8315

Fine Hardwoods/American Walnut Association
5603 West Raymond Street
Suite O
Indianapolis, Indiana 46241
Tel. (317) 244-3311

Hardwood Dimension Manufacturers Association
101 Village Parkway
Marietta, Georgia 30062
Tel. (404) 977-3249

Hardwood Plywood Manufacturers Association
P.O. Box 2789
1825 Michael Farraday Drive
Reston, Virginia 22090
Tel. (703) 435-2900

Maple Flooring Manufacturers Association
8600 West Bryn Mawr Avenue
Chicago, Illinois 60631
Tel. (312) 693-0990

National Lumber Exporters Association
805 Sterick Building
Memphis, Tennessee 38103
Tel. (901) 525-8221

National Oak Flooring Manufacturers Association
805 Sterick Building
Memphis, Tennessee 38101
Tel. (901) 525-8221

Northeastern Lumber Manufacturers Association
4 Fundy Road
Falmouth, Maine 04105
Tel. (207) 781-2252

Northern Hardwood & Pine Manufacturers Association
P.O. Box 1124
Green Bay, Wisconsin 54305
Tel. (414) 432-9161

Southern Forest Products Association
P.O. Box 52468
New Orleans, Louisiana 70152
Tel. (504) 443-4464

Southern Hardwood Lumber Manufacturers Association
805 Sterick Building
Memphis, Tennessee 38101
Tel. (901) 525-8221

Western Wood Products Association
1500 Yeon Building
Portland, Oregon 97204
Tel. (503) 224-3930

Wood Molding & Millwork Producers
P.O. Box 25278
1730 Skyline, S.W.
Portland, Oregon 97225
Tel. (503) 292-9288

Buyers and Sellers Lining Up For NASDA Show in Kansas City

Organizers of the second National Association of State Departments of Agriculture (NASDA) Food and Agricultural Exposition say participants should sign up early to benefit from ongoing promotion about the show and its exhibitors.

The show, co-sponsored by NASDA and the Foreign Agricultural Service, is planned for April 22-24, 1985 in Kansas City, Mo.

Steve Pike, NASDA's exposition director, says, "U.S. exporters who sign up early will be getting regular updates on the show. Also, this lead time will allow FAS attaches to promote the show and exhibitors to foreign food buyers."

The first show, held in the spring of 1983, drew about 1,100 foreign buyers from 76 countries and 410 U.S. exhibitors from 42 states and Puerto Rico. In Kansas City, they expect about 1,500 foreign buyers and 500 U.S. exhibitors to attend. In fact, more than 90 percent of the 1983 participants have already expressed an interest in attending the Kansas City show.

Besides the exhibits, the show will feature seminars on many food-related topics, food preparation demonstrations, and a reception in which buyers and sellers can discuss business in a social atmosphere. Tours of the U.S. agricultural and food facilities are being planned for foreign visitors.

New for 1985 will be exhibits of nursery stock and forestry products in addition to the hundreds of food products expected at the show.

Pike says, "We want to emphasize that the exposition is geared solely for foreign buyers to meet with U.S. food and agricultural companies.

The price of exhibit space in the 1985 show is $500 for a 10- by 10-foot booth in the H. Roe Bartle Hall of the Kansas City Convention Center.

For more information about the 1985 show, contact Steve Pike at 1616 H Street, N.W., Washington, D.C. 20006. Tel. (202) 628-1566.

Trade Updates

ASEAN Members Oppose Proposed EC Vegetable Oil Tax

At a recent meeting of the Economic Ministers of the Association of South East Asian Nations (ASEAN), a common stance was taken in opposition to the European Community's planned introduction of a consumption tax on vegetable oils. Representatives from both Indonesia and Malaysia have already voiced their objection to the proposed tax, and officials in Singapore, Philippines and Thailand also plan to make public their opposition.—*July Goldich, FAS (202) 382-0141.*

Australia Working To Build Wheat Sales in Egypt

Australia has announced that it will help build a $5 billion, 30,000-ton wheat silo complex and training facility in upper Egypt. Egypt is one of Australia's largest wheat markets, with sales through the end of November of 2 million tons for calendar 1984 shipment, tying 1982 record sales. The Australians will use the complex as a focal point for exporters to organize training courses and advise on storage technology, mill hygiene, pest control, warehousing, and milling and baking technology.—*David Salmon, FAS (202) 447-2009.*

CBI Beneficiaries Announced

Eleven Caribbean Basin countries—Barbados, Costa Rica, Dominicia, Dominican Republic, Jamaica, Netherlands Antilles, Panama, Saint Chistopher-Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago—are eligible for duty-free treatment as part of the Caribbean Basic Initiative (CBI).

All imports from these countries—with the exception of tuna, certain textiles, petroleum, watches and footwear—now may enter the United States free of duty.

Other import restrictions—including quantitative limits, health and sanitary requirements and quality standards—have not changed. Dairy and sugar imports will continue to be subject to quotas; sugar has already been entering duty-free under the provisions of the GSP. However, the Dominican Republic, which was not eligible for GSP on sugar in 1982, will be allowed to ship its sugar quota duty-free.

Additional countries may be declared eligible for CBI preferences later this year.—*Gretchen Stanton, FAS (202) 382-1336.*

U.S. Share of Japanese Cotton Market Likely To Rise

The United States is expected to substantially increase its share of Japan's cotton imports in 1983/84, in light of probable cuts in imports from other suppliers. U.S. exports will reach 1.5 million bales, and could go higher, in the event of weather problems in Australia or a further delay in the resumption of Soviet shipments. In addition, serious insect damage to the Pakistani crop means a sharp drop in Japanese raw cotton imports from that country this marketing year.

Within the United States, high prices may cause some shift in Japanese purchases. For example, there may be some shifts from San Joaquin Valley cotton to Memphis types. Tight world supplies have also raised some concern in Japan about U.S. supplies of shorter staple cotton, especially from Texas.—*William L. Davis, Agricultural Counselor, Tokyo.*

Philippines Looks for Soybean Meal Substitutes

National Food Authority officials reportedly are looking at the possibility of buying rapeseed and barley for livestock feeds because of high prices for soybean meal. As a rule, the Philippines requires 25,000 tons of soybean meal monthly. Due to two devaluations of the Philippine peso in 1983 and generally poor overall economic conditions, the Philippines is expected to import only about 200,000 tons of soybean meal in 1983/84, down more than a third from 1982/83.—*Philip L. Mackie, FAS (202) 447-7037.*

Flower Show Coming Up In March

An International Flower Show will be held at Cagnes-sur-Mer, France from March 29 through April 8. It will include a floral and plant exhibition as well as a floral competition. Interested parties should contact: Exposition Internationale de la Fleur, B.P. No. 87, 06801 Cagnes-sur-Mer, France.—*Edmond Missiaen, FAS (202) 382-8895.*

New China-Japan Agreement Could Hurt U.S. Vegetable Sales

An agreement between Japan Airlines and the Administration of Civil Aviation of China to discount transportation fees for Chinese vegetables flown to Japan could mark a new era in Chinese fresh vegetable exports to the Far East. At the same time, these exports could dampen prospects for West Coast U.S. sales in that region.

Under the agreement, the Chinese will ship Japan 10,000 metric tons of vegetables—including carrots, onions and radishes—worth about $17 million in 1984. The total could triple—to $51 million—by 1986. In 1983 Japan's imports of fresh vegetables from China totaled only $130,000.—*Edmond Missiaen, FAS (202) 382-8895.*

Philippines Moves To Restrict Imports

Virtually all imports into the Philippines are now subject to a 5-percent surcharge as the government has moved to minimize imports in light of the progressive worsening of its balance of payments situation and a rapid depletion of international reserves.

Among the rare exceptions to the 5-percent assessment are imports by government agencies, government-controlled corporations with existing agreements with foreign countries, and international institutions already entitled to exemptions.

Last October's peso devaluation, the second during 1983, had already led to price increases for a wide range of commodities. Increases were most pronounced for fertilizer, wheat flour and imported feed ingredients such as soybean meal and yellow corn.—*Verle Lanier, U.S. Counselor, Manila.*

Portugese Price Changes Improve Long Grain Rice Prospects

In keeping with its policy of liberalizing food prices, the government has removed rice from the list of commodities covered by maximum retail prices. Milled rice is now being retailed at "declared" prices, which allow for a 6-percent margin by the wholesalers and a 10-percent markup by retailers. The new system should permit foreign long grain rice to be more competitive, as the spread between medium and long grain rice prices will narrow significantly.—*David Salmon, FAS (202) 447-2009.*

Taiwan Diversifying Wheat Purchases

In past years Taiwan has imported U.S. wheat almost exclusively. This marketing year, however, it reportedly has purchased 70,000 tons of wheat from Uruguay, and has sent a "Buy Canadian" mission, the first ever, to Canada. Taiwan bought 85,000 tons of Canadian wheat in 1982/83 and apparently is attempting to maintain that level this season.—*Cina Radler, FAS (202) 447-3403.*

Telex Now Available To Agricultural Attache in Peru

The telex address of the U.S. agricultural attache in Lima, Peru is 25028 PE USCOMATT.—*Shackford Pitcher, FAS (202) 475-4061.*

Tunisian Poultry Plan Could Increase U.S. Corn Sales

The Tunisian government is considering a plan to encourage poultry exports which, if implemented, will result in a larger market for U.S. corn. The country's corn use is already on the rise due to recovery in Tunisia's developing poultry sector. Corn imports, all of which normally come from the United States, are expected to reach 300,000 tons in 1983/84, up from last year's 170,000 tons. A World Bank project to add 100,000 metric tons of grain storage will also facilitate imports, when it is completed in 1986.—*David Salmon, FAS (202) 447-2009.*

Pilot Feed Grains Project Links Farmers to Exporting

By Susan McCullough

With the world's trading atmosphere becoming increasingly competitive, the United States must look for more innovative ways to gain a larger share of the world market for agricultural products.

A pilot project of the U.S. Feed Grains Council (USFGC) is doing just that by giving more than 100 Illinois farmers the chance to become directly involved in boosting agricultural exports.

Under a new corn growing and export program, these farmers—all members of the cooperative GROWMARK, based in Bloomington, Illinois, produced 1 million bushels of high-quality, hard endosperm corn for an industrial buyer in the European Community (EC). Although it was just a trial program, it could expand to as much as 10 million bushels in 1984.

The new venture was the result of several years of efforts by the USFGC to increase sales of U.S. corn to the EC.

"Although U.S. corn exports to the EC totaled 4.6 million tons in 1982/83, sales of feed use corn to this market are shrinking," says Ken Stephens, who heads the USFGC's overseas customer relations program. "However, demand for high-quality industrial use corn is growing.

"We have known for some time that the EC has had a need for several million additional bushels of corn for industrial use," said Stephens.

"They use corn for manufacturing alcohol products, breakfast and snack foods and other products for human consumption. But U.S. No. 2 corn, which is what we normally export, does not meet the European buyers' special requirements, when delivered."

The USFGC realized that European buyers would be willing to pay more to get the type and quality of corn they needed for processing into these products. So over a two-year period, USFGC provided samples of different types of U.S. corn hybrids for testing by the Europeans.

Finally, one of the prospective buyers found two hybrids—produced by Illinois Foundation Seeds—that would meet his needs.

The buyer then turned to GROWMARK to complete the arrangements for the pilot project. By the time representatives of the USFGC, GROWMARK, the European buyer and Farmers Export Company met last May to arrange the program's details, much of the corn had already been planted. GROWMARK and the member farmers who agreed to plant the special hybrid corn were gambling that the discussions would be successful. They were.

Farmers participating in the program were promised a quality incentive for following strict production and harvesting controls. They had to harvest the corn at low moisture, dry it slowly and keep it separated from other field corn. Local member cooperatives which then accepted the grain also had to keep it separate from other corn. The grain was then shipped to Europe.

Stephens estimates that the new project resulted in a net addition to total U.S. corn exports, currently projected at 47.5 million tons for the 1983/84 marketing year.

"Previously, this European buyer purchased only Southern Hemisphere corn," said Stephens, "and this sale replaced those purchases." More importantly, Stephens expects this sale to have a multiplier effect as other buyers follow the lead set.

"European buyers prefer U.S. corn because of the reliability of supply," adds Stephens. "They would rather buy it from us."

The USFGC is both enthusiastic and optimistic about this type of project. So are farmers, judging from the response to the pilot experiment.

Stephens says, "This program is one way that U.S. farmers can be directly involved in meeting demand. They also help reduce U.S. corn surpluses and earn extra income for themselves. We at the USFGC are happy that we could play a role in this innovative program." ■

The author is with the U.S. Feed Grains Council, Washington, D.C. Tel. (202) 789-0789.

Fact File

Fiscal 1983 Wrap-Up

U.S. Agricultural Exports

U.S. agricultural exports in fiscal 1983 fell to $34.8 billion. This marks the second year in a row that the value of U.S. farm exports declined—both times by 11 percent. U.S. agricultural exports to developing countries rose slightly, but those to developed markets decreased moderately and sales to centrally planned economies fell sharply.

U.S. Agricultural Exports Decline

Area	1982	1983	Change[1]
	Bil. dol.	*Bil. dol.*	*Percent*
Developed	**20.1**	**18.1**	**−10**
EC-10	8.9	7.6	−14
Japan	5.7	5.9	+4
Other	5.5	4.6	−16
Developing	**14.0**	**14.3**	**+2**
Latin America[2]	4.9	4.9	—
Africa	2.5	2.3	−7
Asia	6.6	7.2	+9
Centrally Planned	**5.1**	**2.4**	**−53**
USSR	2.3	1.0	−58
China	1.8	.5	−72
Eastern Europe	.9	.8	−10
Total	39.1	34.8	−11

[1] Calculated on data that have not been rounded.
[2] Includes Mexico.

Export values rose in six of the top 10 agricultural markets in fiscal 1983, with the largest increase—19 percent—in Mexican purchases. Export sales declined in four markets, with the USSR and Spain registering the biggest slides. Japan and the Netherlands remained the top two markets again in fiscal 1983. Canada moved up a notch to third place as the USSR fell six spots to No. 9. Other countries moving up in the top 10 list were Mexico (up five spots to No. 4), South Korea, West Germany and Taiwan. Egypt, in the No. 10 position, was the only newcomer to the list, replacing China, which was fifth in fiscal 1982.

Exports Rise in Six of Top 10 Markets

Market[1]	1982	1983	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Japan	5.712	5.877	+3
Netherlands	3.256	2.765	−15
Canada	1.845	1.850	—
Mexico	1.493	1.777	+19
South Korea	1.607	1.713	+7
West Germany	1.572	1.454	−8
Taiwan	1.166	1.236	+6
Spain[2]	1.605	1.038	−35
USSR	2.301	.976	−58
Egypt	.883	.889	+1

[1] Not adjusted for transshipments.
[2] Includes Canary Islands.

Trade Balance

The U.S. agricultural trade balance amounted to $18.4 billion in fiscal 1983, compared with $23.6 billion the previous year. The combination of fewer exports and slightly larger imports accounted for the drop of almost 8 percent in the U.S. farm trade balance for the year.

Agricultural Trade Surplus Down

(In billion dollars)

Item	1982	1983
Exports	39.09	34.78
Imports	15.49	16.38
Trade surplus	23.60	18.40

The Top 10 Exports

Of the top 10 individual export categories, only feeds and fodders and tobacco gained in value. Substantial declines occurred for three commodities: rice (24 percent), cotton and linters (21 percent), and wheat and flour (19 percent).

Most Major Commodities Decline in Value

(Fiscal Year Basis)

Commodity	1982	1983	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Wheat & flour[1]	7.675	6.223	– 19
Soybeans	6.479	5.866	– 9
Corn[1]	5.962	5.717	– 4
Livestock & products	3.164	2.995	– 5
Horticultural products	2.851	2.689	– 6
Cotton & linters	2.163	1.703	– 21
Tobacco	1.486	1.487	—
Soybean cake & meal	1.453	1.449	—
Feeds & fodders	.999	1.145	+ 15
Rice	1.149	.874	– 24

[1]Excludes products.

On a volume basis, three of the top 10 U.S. farm exports logged gains in fiscal 1983. Shipments of wheat flour more than doubled during the year. Exports of feeds and fodders rose 16 percent and shipments of soybean cake and meal expanded 3 percent. Export volumes of rice and wheat recorded the biggest percentage declines.

Wheat Flour and Feeds Show Biggest Gains in Export Volume

Commodity	1982	1983	Change
	Mil. MT	*Mil. MT*	*Percent*
Corn[1]	49.608	47.105	– 5
Wheat	44.609	36.699	– 18
Soybeans	25.477	24.522	– 4
Feeds & fodders	6.007	6.991	+ 16
Soybean cake & meal	6.266	6.449	+ 3
Horticultural products	3.138	3.041	– 3
Rice	3.138	2.276	– 22
Wheat flour[1]	.722	1.587	+ 120
Animal fats	1.497	1.431	– 4
Sunflowerseed oil	1.542	1.363	– 12

[1]Excludes products.

Top 10 Markets' Purchases of Leading Commodities

(In million dollars)

Country[1]	Soybeans	Corn	Wheat & flour[2]	Livestock & prod.	Horticultural prod.	Cotton & linters	Soybean cake & meal	Feeds & fodders	Tobacco	Rice
Japan	1,116	1,597	579	765	469	466	142	8	314	—
Netherlands	1,113	56	55	85	88	2	643	450	68	11
Canada	73	28	4	226	825	79	47	93	14	43
Mexico	219	530	1	139	19	7	7	50	—	—
South Korea	170	487	301	220	12	392	1	17	—	61
West Germany	456	43	11	82	137	6	149	236	174	6
Taiwan	336	382	105	122	53	96	4	—	51	—
Spain	527	251	10	36	27	24	1	6	107	7
USSR	48	322	497	32	5	72	—	—	2	—
Egypt	4	185	495	113	3	—	—	6	35	—
Total	**4,062**	**3,881**	**2,058**	**1,820**	**1,638**	**1,199**	**994**	**866**	**765**	**128**

[1]Not adjusted for transshipments. [2]Includes products.

Major Regions

U.S. agricultural exports to almost all major regions declined in fiscal 1983. The largest markets for U.S. agricultural exports continued to be Asia and Western Europe, but sales to both regions dropped. Exports to North America rose 8 percent in value. Overall sales to Asia declined 4 percent in fiscal 1983. However, exports to South Asia—which includes Afghanistan, India, Pakistan, Nepal, Bangladesh and Sri Lanka—jumped 65 percent. Sales to Mexico rose 19 percent and those to Japan and to Southeast and East Asia increased 3 percent. Central America and the Caribbean and North Africa also registered increases.

Sales Up Sharply in South Asia

Region	1982	1983	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Asia	**14.135**	**13.588**	**−4**
Japan	5.712	5.877	+3
Southeast, East	4.383	4.501	+3
Middle East	1.486	1.482	—
South Asia	.711	1.170	+65
China	1.819	.546	−70
Western Europe	**12.171**	**10.149**	**−17**
EC	8.888	7.629	−14
Other	3.283	2.519	−23
USSR	2.301	.976	−58
Eastern Europe	.921	.827	−10
North America	**3.362**	**3.647**	**+8**
Canada	1.845	1.850	—
Mexico	1.493	1.777	+19
Latin America	**3.440**	**3.081**	**−10**
South America	2.333	1.952	−16
Central & Carib.	1.107	1.129	+2
Africa	**2.450**	**2.273**	**−7**
North	1.395	1.453	+4
Sub-Saharan	1.055	.820	−22
Oceania	**.294**	**.228**	**−22**

U.S. Agricultural Imports

U.S. agricultural imports in fiscal 1983 totaled $16.38 billion, up nearly 7 percent from the year earlier. Coffee and fruits, nuts and vegetables again headed the import list and were followed by meat and products, wines and beverages, and sugar and related products. U.S. imports of all noncompetitive items rose in value in fiscal 1983. However, several imports on the competitive list declined. These included sugar and related products as well as oilseed and products.

Coffee, Horticultural Products Head Import List

(In billion dollars)

Commodity	1982	1983
Competitive		
Fruits, nuts & veg.	2.224	2.417
Meat & meat prod.	2.024	2.092
Wines & malt beverages	1.218	1.317
Sugar & related prod.	1.380	1.229
Other veg. prod.	.761	.849
Tobacco, unmanufac	.480	.734
Dairy & poultry prod.	.667	.709
Live animals	.401	.555
Other animal prod.	.530	.509
Oilseeds & prod.	.503	.492
Total competitive	**10.193**	**10.903**
Noncompetitive		
Coffee, green & processed	2.814	2.832
Cocoa beans & prod.	.709	.829
Bananas, plantains	.582	.585
Rubber & allied gums	.578	.582
Spices	.156	.173
Tea	.126	.128
Other noncompetitive	.324	.336
Total noncompetitive	**5.288**	**5.465**

Western Europe: Competition for Sales Stiffens

By Marshall Cohen, Miles Lambert, Stephen Sposato and Ronald Trostle

U.S. exporters should expect to face stiff competition for sales in Western Europe, still the second largest export market for U.S. farm products, even though our sales have slipped by nearly a fourth since the start of the decade.

Western Europe is a particularly important market for certain U.S. agricultural products, accounting for 50 percent or more of all U.S. exports of soybeans, soybean meal, nuts and preparations, and tobacco. More than 25 percent of U.S. exports of feed grains, animal fats and oils, hides and skins, and "other miscellaneous agricultural products" go to Western Europe.

About 20-25 percent of Western Europe's agricultural imports originate in the United States. This percentage has increased somewhat during the last decade.

The Big Buyers

Of the $10.1 billion sold to Western Europe last year, the European Community (EC) took $7.6 billion and other Western European countries accounted for $2.5 billion.

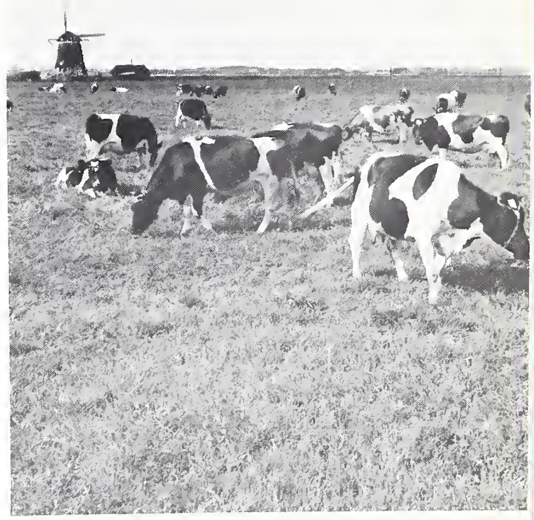
U.S. farm exports to both the Netherlands and West Germany have exceeded $2 billion in recent years. Spain, the United Kingdom and Italy with over $1 billion each in purchases have been major U.S. markets for many years.

Strong Dollar Hurts Sales

The strength of the U.S. dollar overseas is partly to blame for the drop in U.S. agricultural exports.

For example since 1980, the U.S. dollar has appreciated 72 percent against the European Currency Unit (ECU). The exchange rate averaged .72 ECU per dollar in 1980 and reached about 1.24 ECU per dollar at the end of 1983. The strong dollar has made most imports from the United States much more expensive for European importers.

Western Europe's increasing agricultural production and self-sufficiency in the food sector has also contributed to the reduced demand for U.S. agricultural products—particularly grains. Expanded production has been encouraged



by high prices, import protection, and frequently, export aids.

Even so, overall the United States enjoys a favorable agricultural trade balance with Western Europe. During the

U.S. Agricultural Exports to Western Europe Decline

$ Million

Region	Fiscal Years 1980	1981	1982	1983
EC-10	10,333	8,921	8,888	7,629
Other Western Europe	2,940	3,010	3,283	2,519
Total, Western Europe	13,273	11,931	12,171	10,148
Total, World	40,481	43,780	39,095	34,690
		Percent		
Percentage to Western Europe	32.8	27.3	31.1	29.3

last several years, our annual trade surplus has ranged between $8.5 and $9.2 billion. For the EC alone, the surplus has been between $6.1 and $6.8 billion.

Grain Trade Patterns Change

Western Europe has been a relatively stable market for 21–24 million tons of U.S. grain—until last year when U.S. grain exports dropped by about 50 percent to 12.5 million tons. The region's record 1982 grain harvest and stagnant demand for feed grain largely accounted for the decline.

However, U.S. exports of both wheat and coarse grains are expected to improve in fiscal 1984. Europe's production of grains, particularly feed grains, declined last year and surplus barley stocks will be depleted. Renewed economic growth in 1984 also is expected to stimulate expansion in the livestock sector, and in the demand for feed.

U.S. exports of coarse grains to the EC have been declining at an average rate of 500,000 tons a year over the past decade.

The decline in the EC's demand for U.S. feed grain results from its own increased grain production and a shift to larger proportions of oilmeals and nongrain feed ingredients in livestock feeds. The EC continues to buy 2–3 million tons of high quality U.S. wheat annually, primarily for pastry products.

U.S. exports of wheat and especially of coarse grains to non-EC countries have increased during the last decade, offsetting the decline in exports to the EC.

Soybean Trade To Decline

The 20-year expansion of U.S. soybean exports to Western Europe came to an end last fiscal year—and a further decline is anticipated in 1984.

The sharp price rise for the 1984 marketing year is forecast to lead to a 14-percent decline in EC soybean meal consumption from the 1982 high of 16.3 million metric tons. This translates into soybean imports of 9.7 millicn metric tons, nearly a 20-percent decline. In the 10-member European Community, soybean meal use has reached 12 percent of total commercial feed requirements and is unlikely to expand significantly. Meal demand has become more responsive to price than in the years of rapid expansion.

U.S. exports of soybean meal to Western Europe also are being hurt by subsidized meal exports from Brazil and expanded soybean cultivation there. The U.S. share of European meal imports fell from 52 percent in 1974 to 33 percent in 1982, as Brazil took over the top supplier spot.

U.S. soybean and meal exports to Western Europe, after the expected decline of the 1984 season, may recover some with the growth in meat demand. However, competition from both rapeseed and sunflower seed meals will increase.

The low profitability of the European oilseed crushing industry, and its lack of expansion will likely cause capacity to stabilize at about the 1982 utilization level while the current season's crush will be substantially below this level.

The industry's situation in the EC could deteriorate further, however, if the Community inaugurates a proposed tax on vegetable oil consumption. Such a tax would further erode the industry's margins and shift EC import demand from beans to products.

Trade Barriers Hamper Animal Product Exports

U.S. exports of animals and animal products to Western Europe are not expected to change very much from fiscal 1983's level of $852 million. Nearly 90 percent of that total was shipped to EC markets.

Export prospects for cattle hides are being dampened somewhat by the recent recession's impact on the demand for Italian shoes as well as the stronger dollar which pushed up prices of U.S. raw cattle hides. These exports totaled an estimated $83 million in fiscal 1983 compared with $107 in 1982.

An estimated 264,000 tons of inedible tallow were shipped to Western Europe in fiscal 1983, valued at $97 million. The Netherlands, West Germany and the United Kingdom were the major customers. Purchases by these three countries declined 43 percent, 51 percent and 59 percent respectively, reflecting both lower volumes and lower prices.

The market for variety meats is expected to improve in 1984 as economic recovery progresses. France, the United

Kingdom, the Netherlands and Belgium-Luxembourg are the biggest markets. In all, Western Europe bought $102 million worth of U.S. variety meats during fiscal 1983.

Tobacco Exports Leveling Off

Tobacco consumption is decreasing in Western Europe and new sources of light tobaccos are being favored. These two factors are forestalling any rise in U.S. sales that might otherwise result from the European trend toward cigarette blends using greater percentages of flue-cured and burley leaf, and the prospective subsiding of the value of the dollar. Governmental policies in Europe have encouarged this situation.

In addition to anti-smoking campaigns, tobacco consumption is effectively discouraged in some European countries by increasing taxes on tobacco products. This tax policy is especially noticeable in West Germany and the United Kingdom, the region's largest importers of tobacco, where new taxes in 1983 followed upon those in 1982. Similar developments have taken place in France.

Imports from less developed countries are gaining ground because of improved quality, and, in the case of the EC, because of favorable quotas for flue-cured tobacco under the EC's Generalized System of (tariff) Preferences, as well as certain exemptions from that quota system.

The major West European tobacco-producing countries—Greece, Italy, France and Spain—are stepping up efforts to grow more light tobaccos. The effects of this shift on imports have not yet been fully felt.

U.S. tobacco exports to Western Europe were valued at $815 in fiscal 1983.

Cotton Exports Falter

In fiscal 1984, the textile industry in most West European countries is expected to pick up as the various economies recover. U.S. cotton exports to Western Europe dropped slightly in fiscal 1983 from the previous year's record.

The region's total cotton imports are forecast to increase in fiscal 1984, especially in Spain, where a very poor crop will mean significantly more imports. ■

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Going to the Source: Sales Aids for Exporters

By Lynn Krawczyk

Many new-to-market exporters, and veterans, as well, can tap into a wealth of trade services offered by the U.S. Department of Agriculture's Foreign Agricultural Service (FAS).

One of the first needs in developing an export business is information on where market opportunities exist. The Trade Opportunity Referral Service (TORS) provides this key information.

TORS: How it Works

Foreign buyers give FAS agricultural representatives overseas information on food products and commodities they would like to purchase. This information is cabled to FAS/Washington and disseminated to U.S. firms participating in the TORS system.

There are two parts to this service:

- **TORS Direct Mail.** This service is for food manufacturers and others interested in foreign trade inquiries only for specific agricultural products rather than the entire range of trade leads. Bulletins detailing overseas product requests are usually in the mail to interested firms within 48 hours of receipt of information from overseas. The subscription fee is $10 per commodity.

- **Export Briefs.** This weekly trade letter contains all trade inquiries received at FAS/Washington during a week. It is designed for export agents, trade associations and others interested in a wide range of products, as well as news of trade exhibits and trade developments. The cost of the service is $50 per year.

Launching Products

The monthly newsletter, **Contacts for U.S. Farm Products**, is a convenient, free way to introduce U.S. food and agricultural products to overseas buyers.

The newsletter is translated into Spanish, French, German, Arabic and Japanese and sent to FAS agricultural representatives overseas who distribute the information to the food trade. Currently, at least 17,000 foreign traders receive this information each month.

To publicize your products in Contacts, send the following information to the export representative of your State department of agriculture: a description of your product(s) in 100 words or less, your complete address, bank reference, phone and/or telex number, and cable address. All weights and measures must be in the metric system.

This information is sent to FAS for compilation in the monthly newsletter and then goes to FAS representatives overseas.

FAS can also provide mailing lists of foreign firms that may be interested in purchasing your food products. The mailing lists are generated on a country/commodity basis. In addition, FAS can supply mailing lists of U.S. suppliers. The foreign and domestic mailing lists are a fee-based service.

Label Clearance

FAS has a label clearance service to help you determine if new products meet specifications necessary for overseas sales.

To find out if your product will be admitted into a given country, send FAS the label(s) indicating the product ingredients. A form with complete instructions is available for this purpose. A $25 fee is charged per label (or carton or lithographed container) per country.

The label will be forwarded to FAS agricultural representatives overseas for clearance by the foreign government. You will be informed whether the product can be admitted or if approval might be given if certain changes were made. Required changes generally concern preservatives or additives.

Trade Exhibits

Trade fair exhibits continue to be one of the most effective means of introducing and promoting food products overseas.

The exhibit fee for participating companies covers exhibit space, facilities and trade relations services. Type of FAS exhibits include.

• Hotel-Restaurant-Institutional (HRI) exhibits and demonstrations are held in several countries each year for all segments of the foreign food service trade. Exhibits run 2-3 days and are generally held in a hotel.

• International food shows are held annually in some of the leading overseas markets. FAS participates in food and beverage exhibits attracting exhibitors and buyers from many foreign countries.

• Agent food exhibits are organized and managed by FAS agricultural representatives overseas in cooperation with foreign agents of U.S. food companies. The exhibits are usually held in hotels with the agents displaying the complete line of food products of the company or companies represented.

• Agricultural representative displays are designed as a showpiece of U.S. food products in economies where the consumer is unable to influence imports and in situations where U.S. companies are unable to send representatives.

• Point-of-purchase promotions in leading foreign markets draw consumer attention to U.S. food products. FAS agricultural representatives contact chain and department stores and foreign agents of the U.S. food manufacturers to make arrangements for the promotions with leading food retailers, restaurants and hotels.

• Livestock shows are held in a number of countries to promote the sale of U.S. breeding stock and feedstuffs.

Sales Teams

Personal visits with foreign buyers can be arranged through the FAS sales team program. FAS selects a market with good export potential and invites five or six U.S. firms handling food products with sales possibilities in that market to participate in a coordinated sales mission.

Where to Call for Export Information

TORS Coordinator	(202) 447-7103
Contacts for U.S. Farm Exporters	Export representative of your State Department of Agriculture or the TORS coordinator
Export Briefs	(202) 447-7103
Label Clearance	(202) 447-2423
Trade Exhibits/Sales Teams	(202) 447-3031
Minority and Small Business Coordinator	(202) 475-3417
Agricultural Trade Offices	(202) 447-7779
Export Publications	(202) 447-7937
Cooperator Programs	(202) 447-4327
Export Incentive Program	(202) 447-6590
Transportation Information	(202) 447-7481
Information on Nonagricultural Items	U.S. Department of Commerce (202) 377-3181

Backed by market research, the program is tailored to the individual needs of each member of the team. Companies selected pay a participation fee, their representatives' transportation and living expenses, and provide a supply of product samples for distribution to the buyers.

In turn, FAS makes all necessary arrangements from making appointments to rental of sales room facilities.

Agricultural Trade Offices

USDA has 11 agricultural trade offices serving as one-stop centers for trade representatives, nonresident private trade groups and others involved in exporting and importing U.S. farm commodities. (For more information on these offices, see November 1983 Foreign Agriculture.)

The Cooperator Program

The agricultural export development program overseas is carried out in cooperation with some 55 agriculturally oriented, nonprofit commodity associations known as market development cooperators.

Together with FAS, these cooperators conduct overseas promotional activities, including advertising, merchandising, trade servicing, training and educational programs, seminars, demonstrations, trade exhibits and trade missions to and from the United States.

FAS also has agreements with private industry firms on a contractual basis to promote consumer-ready food items under the Export Incentive Program.

State Departments of Agriculture

State departments of agriculture and related agencies cooperate with USDA in promoting and marketing U.S. foods and other agricultural products abroad. Many state agriculture departments have full-time international marketing specialists.

The state export marketing programs have been given a boost by four regional groups that work exclusively on coordinating and expanding activities for exports of food and agricultural products. Forty-seven states, Puerto Rico, American Samoa and Guam are members of these groups. ■

The author is with the Information Division, FAS. Tel. (202) 382-9442.

U.S. Food Aid Builds Cash Markets in Developing Countries

By Mary Chambliss

This year the Food for Peace program—P.L. 480—marks its thirtieth anniversary with an impressive record of food assistance to the world. Under this program, the United States has shipped over 300 million tons of agricultural products valued at $33 billion to more than 100 countries.

P.L. 480 was enacted as a means of exporting surplus U.S. commodities to dollar-short nations. Basically it permits the United States to sell to friendly nations and accept their local currency in payment. The law also includes authority to donate commodities in cases of emergencies or disasters.

Over the years, the program has evolved into far more than a commodity supply management tool. It has become an important vehicle for developing commercial export markets, for meeting humanitarian food needs, and for spurring economic and agricultural growth in the developing world.

The program provides for two types of commodity transfers: concessional sales (Title I) and outright donations (Title II). Title III, in conjunction with Title I sales agreements, is concerned with bettering the lives of the rural poor in recipient countries.

Title I Agreements Most Important

In terms of the value of commodities exported, Title I sales agreements are the most important of the two types of transfers. More than 70 percent of all P.L. 480 shipments have moved under Title I sales agreements.

The terms of these sales agreements are more favorable to the recipient country than those of ordinary commercial sales. In practice this means long-term repayments and low interest rates.

For fiscal 1984, $738.5 million in commodity assistance has been earmarked for 31 countries. That represents 3.6 million tons of agricultural commodities.

The four largest allocations are planned for Egypt ($250 million), Bangladesh ($65 million), Pakistan ($50 million), and Sudan ($50 million).

In addition, $52.5 million in unallocated reserves has been set aside for unforeseen needs.

Focus Now on Developing Countries

Although P.L. 480 aid was targeted at the war-devastated countries of Western Europe and Japan in the early years of the program, developing countries have been the focus of the program since the 1960s.

Roughly 80 percent of P.L. 480 shipments have gone to the developing world. In fact, the program has accounted for nearly 30 percent of total U.S. direct economic aid to developing countries since 1954.

The biggest recipients of P.L. 480 assistance have been India ($6 billion), Egypt ($2.7 billion), Pakistan ($2.2 billion), South Korea ($1.9 billion), and Indonesia ($1.7 billion).

Developing Trade Partners

Aid often is a springboard to trade, turning assistance recipients into cash customers. In fact, seven of the United States' top 10 customers for farm products last year are past recipients of U.S. food aid.

As a result of this aid-to-trade movement, P.L. 480 has established itself as one of the United States' most successful market development tools.

Korea is perhaps the best example. A Title I recipient from the beginning of the program, Korea is now the fifth largest market in the world for U.S. agricultural products, with fiscal 1983 purchases of about $1.7 billion.

Taiwan is another market whose purchases have shifted from over 90 percent P.L. 480 to 100 percent commercial. During the past 27 years, U.S. agricultural exports have risen from $52 million to over $1 billion.

Other early recipients of food aid also are now big cash customers for U.S. products. Mexico, for example, has received $78 million worth of P.L. 480 aid since the program began. Last fiscal year $1.7 billion of U.S. farm products sold to Mexico were on a commercial basis.

Egypt, Indonesia, the Dominican Republic, Morocco, Tunisia and Peru are other aid recipients which are making the transition to trade partner.

Boosting Commodity Demand

In terms of commodity demand, P.L. 480 has been a real boost for U.S. agriculture over the years, especially for U.S. grain producers who have exported $24.5 billion since the program began.

Many Big Food Aid Recipients Become Trade Partners

Leading recipients	P.L. 480 aid rec'd FY 1955-83	U.S. farm exports FY 83
	$ Mil.	$ Mil.
India	6,123	762
Egypt	3,018	913
Pakistan	2,310	215
Korea	1,972	1,713
Indonesia	1,770	410
South Vietnam	1,464	—
Yugoslavia	1,020	249
Brazil	974	400
Bangladesh	1,018	153
Israel	717	293
Turkey	707	28

During the 10 years of the program's operation, almost half of the United States' exports of rice and 60 percent of the wheat were shipped under P.L. 480. In the second decade, about two-fifths of the total exports of both rice and wheat moved under the program.

Wheat and wheat products have accounted for over 70 percent of the program tonnage and roughly half its value.

The program also has been a shot in the arm for U.S. flour exports, which must compete with the heavily subsidized product marketed by the European Community. Nearly 37 percent of the U.S. flour exports in 1983 were under P.L. 480.

Other major commodity exports are feed grains, vegetable oil, cotton and nonfat dry milk.

Commodities supplied under the Title I concessional sales agreements are purchased by the recipient country from the commercial U.S. market. Any suppliers interested in participating in this program should contact the P.L. 480 Operations Branch, Rm 4539-S, Foreign Agricultural Service, USDA, Washington, D.C. 20250.

Except for dairy products, all commodities supplied under the Title II donations program are purchased from the U.S. market by the Agricultural Stabilization and Conservation Service (ASCS) on a monthly basis. Dairy products are from stocks owned by the Commodity Credit Corporation.

Any suppliers interested in participating in the Title II program should contact the Office of the Director, Kansas City ASCS Commodity Office, ASCS/USDA, P.O. Box 205, Kansas City, MO 64141.

Since the Food for Peace program was created, its emphasis has shifted many times in response to changes in the domestic and international scenes. Yet after 30 years, the basic goals of promoting agricultural trade, providing humanitarian relief, aiding the economic advancement of developing countries, and promoting U.S. foreign policy remain central to the program's existence and operation. ■

The author is Director, Program Analysis Division, FAS. Tel. (202) 447-3573.

Country Briefs

China

New Ginseng Crop Could Trim U.S. Sales

The successful cultivation of American ginseng in China could reduce the country's long-standing dependence on imports of this medicinal plant as plantings have been established in the Northeast Province of Heilongjiang.

Trade sources in Hong Kong—which is the most important transshipment center for Chinese ginseng imports—indicate that Chinese demand for American ginseng has grown considerably in the past several years and sales run into millions of dollars annually. American ginseng is valued by the Chinese for its reputed relief for fevers and alcoholic hangovers.

China is also an important producer and exporter of a different variety of ginseng. Asiatic ginseng (which includes Chinese, Japanese and Korean ginseng) is generally regarded as a cure-all and a stimulant. Because the two types of ginseng are viewed to be considerably different, neither is a substitute for the other in Chinese markets.—*Michael L. Humphrey, Agricultural Officer, Hong Kong.*

Ecuador

Government To Allow Lentil Imports by Private Sector

Ecuador's private sector has been authorized to import 1,200 metric tons of lentils during October 1983-June 1984. Previously, only the government was permitted to import lentils—and its tendering procedures often eliminated U.S. lentils from the bidding process because of the minimum 6 millimeter size. While the 1,200 tons of private sector imports is not a particularly large market outlet for U.S. exporters, it represents more than Ecuador's total imports during the past two marketing years.—*Leonidas P. Emerson, Agricultural Attache, Quito.*

Egypt

New Crushing Plant To Stimulate Soybean Imports

With the opening of a new privately owned crushing facility—the country's second largest—Egypt's need for imported soybeans is expected to rise by 40,000 tons during 1983/84. The new plant will rely heavily on imported soybeans. Soybean imports in Egypt during 1982/83 totaled an estimated 60,000 tons.—*Judy Goldich, FAS. (202) 382-0092.*

Hong Kong

Growing Market For U.S. Furskins

The rapid expansion of Hong Kong's fur garment manufacturing industry and exports has turned the Colony into an excellent market for furskins. The value of total mink pelt imports (dressed or undressed) has shot up particularly fast, from about $48 million in 1980 to over $106 million in 1982. The territory has been the No. 1 U.S. export market for dressed mink pelts in all three of these years and has been growing in importance for undressed mink pelts.

The export value of all U.S. mink pelts to Hong Kong was $13.1 billion in 1980, $14.0 in 1981, and $14.7 billion in 1982. This represents a substantial growth from the early 1970s when sales were about $21.5 million a year.

The growing fur garment export business—particularly to Japan, the expanding tourist industry and the steadily rising interest in fur of Hong Kong's increasingly affluent population all point to further expansion of U.S. export opportunities for quality furs, particularly mink skins.—*Michael L. Humphrey, Agricultural Officer, Hong Kong.*

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India

Large Wheat Stocks To Cut Import Needs

Wheat stocks are now "satisfactory," according to Indian sources, and wheat imports during 1984/85 will be minimal unless the government decides to build stocks even further. India's wheat production in 1983 reached an all-time high of 42.5 million metric tons, up 12 percent from 1982. This was the third consecutive output record. The national average yield also rose to a record 1.836 tons per hectare thanks to generally favorable weather, increased application of fertilizers and high yielding seed varieties.—*W. Garth Thorburn, Agricultural Counselor, New Delhi.*

Trade Problems With Soviet Could Benefit U.S.

India's long-standing rupee trade arrangement with the Soviet Union—its largest trading partner and its largest market for agricultural commodities—currently is beset by a growing number of trade frictions. The most important of these is persistent and growing rupee surpluses accumulated by India.

Trade between India and the Soviet Union and most East European countries currently is conducted in non-convertible Indian rupees, with the intent of balancing trade over a period of years. The surpluses in India's favor appear to have emerged because Indian demand for goods and technology offered by the Soviet Union is diminishing. In particular, Soviet industrial equipment and power, steel and mining technology is often viewed as expensive and outdated.

India is likely to become increasingly interested in expanding its exports of farm goods, light manufactures, and textiles as well as its imports of industrial equipment and technology in hard currency areas such as the United States. Mechanisms providing for a reasonable possibility of balanced two-way trade are likely to be of particular interest to India.—*Rip Landes, Economic Research Service. (202) 447-8676.*

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